



Economic Opportunity Analysis (EOA) Update Overview

City Council Work Session
September 10, 2018

Purpose

- This work session addresses City Council Goal Objective 1.3 “Industrial Area Planning” pertaining to the supply of industrial land:
 - *Review Comprehensive Plan to determine if supply of industrial land is appropriate, continue State certification process and report back to Council.*

Background

- Statewide Land Use Planning Goal 9 - Economic Development requires that cities and counties review and as necessary amend their comprehensive plans to provide an economic opportunities analysis to compare the land demand for industrial and other employment uses to the supply.
- Industrial land need was last looked at in the City's 2009 Economic Opportunities Analysis (EOA). This was done to support the update of the Forest Grove Comprehensive Plan.
- The data supporting the EOA did not reflect impacts of the Great Recession and recovery.

Background

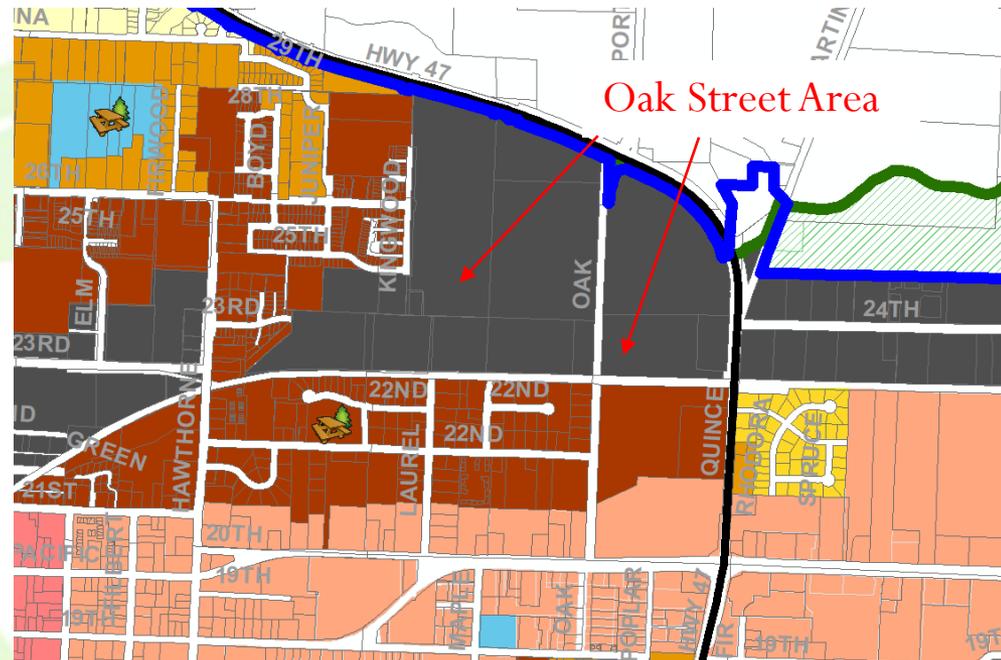
- The City retained Johnson Economics to update the EOA.
- The planning period covered in the updated EOA is 20-years (2018 – 2038).
- While the EOA is not an economic development strategy the data in the EOA is helpful for preparing one.
- This work session provides an overview of the findings and conclusions contained in the updated EOA.
- The EOA must be formally adopted by the Council as a supporting document to the Comprehensive Plan.

Background

- The EOA is organized into six primary sections:
 - Economic Trends;
 - Target Industries;
 - Employment Land Needs;
 - Inventory of vacant and redevelopable employment land. This includes industrial and commercial zoned land in the City;
 - Reconciliation of 5 and 20-year land demand to the existing inventory; and
 - Summary of findings and policy implications.

Background

- The EOA analysis should be helpful for looking at whether land in the Oak Street Industrial Area is zoned appropriately based on projected land needs.
- Zoning of the Oak Street area affects the type and cost of infrastructure needed to serve development.

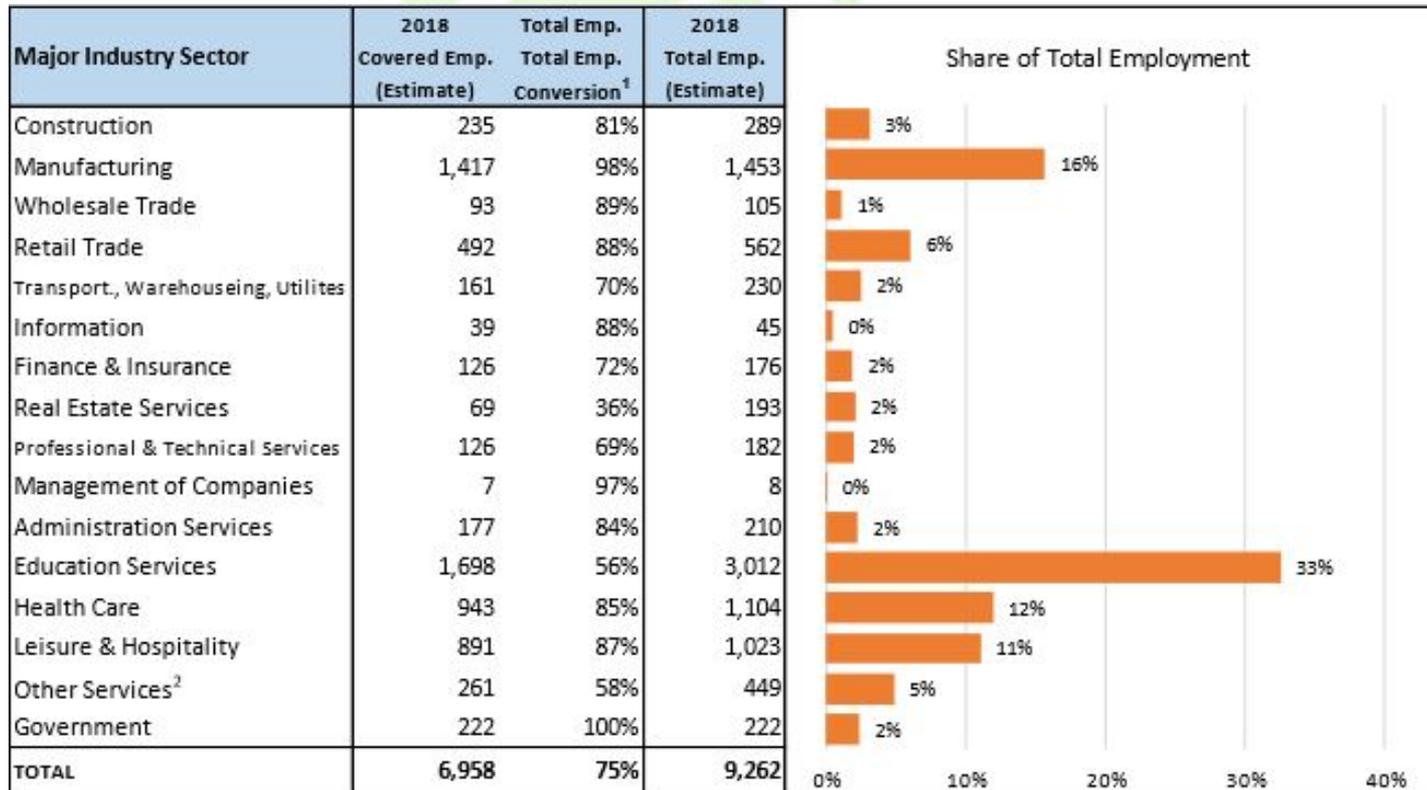


Background

- Preliminary data from the EOA update was presented to the Planning Commission on June 4th.
- The EOA will be presented to the Economic Development Commission before Council is asked to formally adopt the EOA this fall.

Employment Snapshot

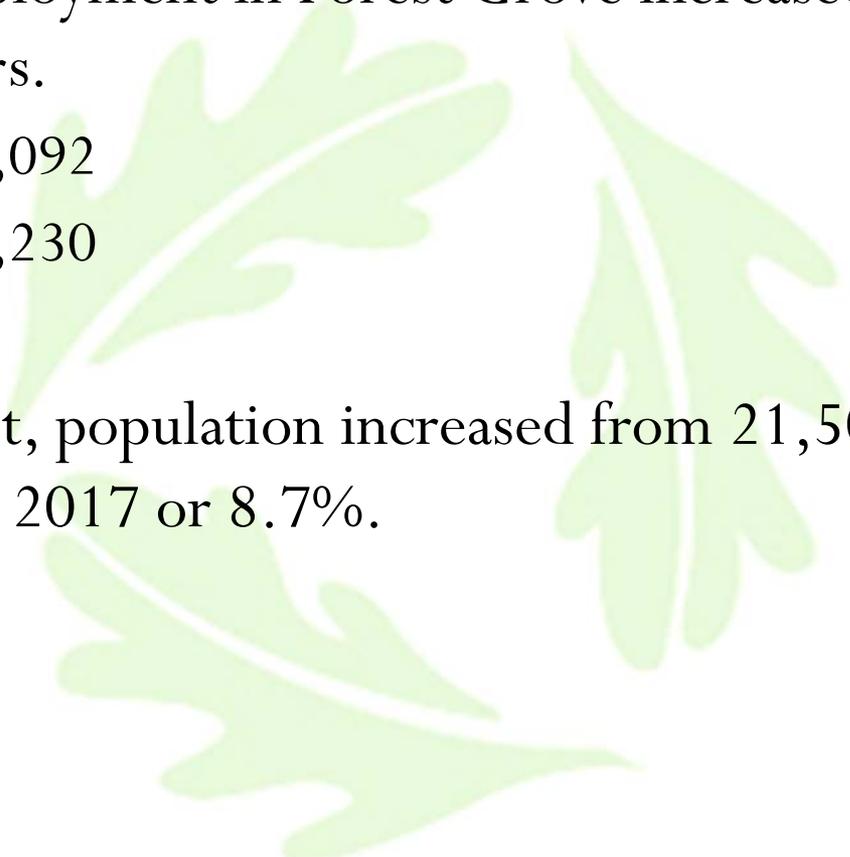
- The chart below shows estimated employment by industry for Forest Grove in 2018.



¹ Bureau of Economic Analysis. Calculated as a five-year average between 2012 and 2016

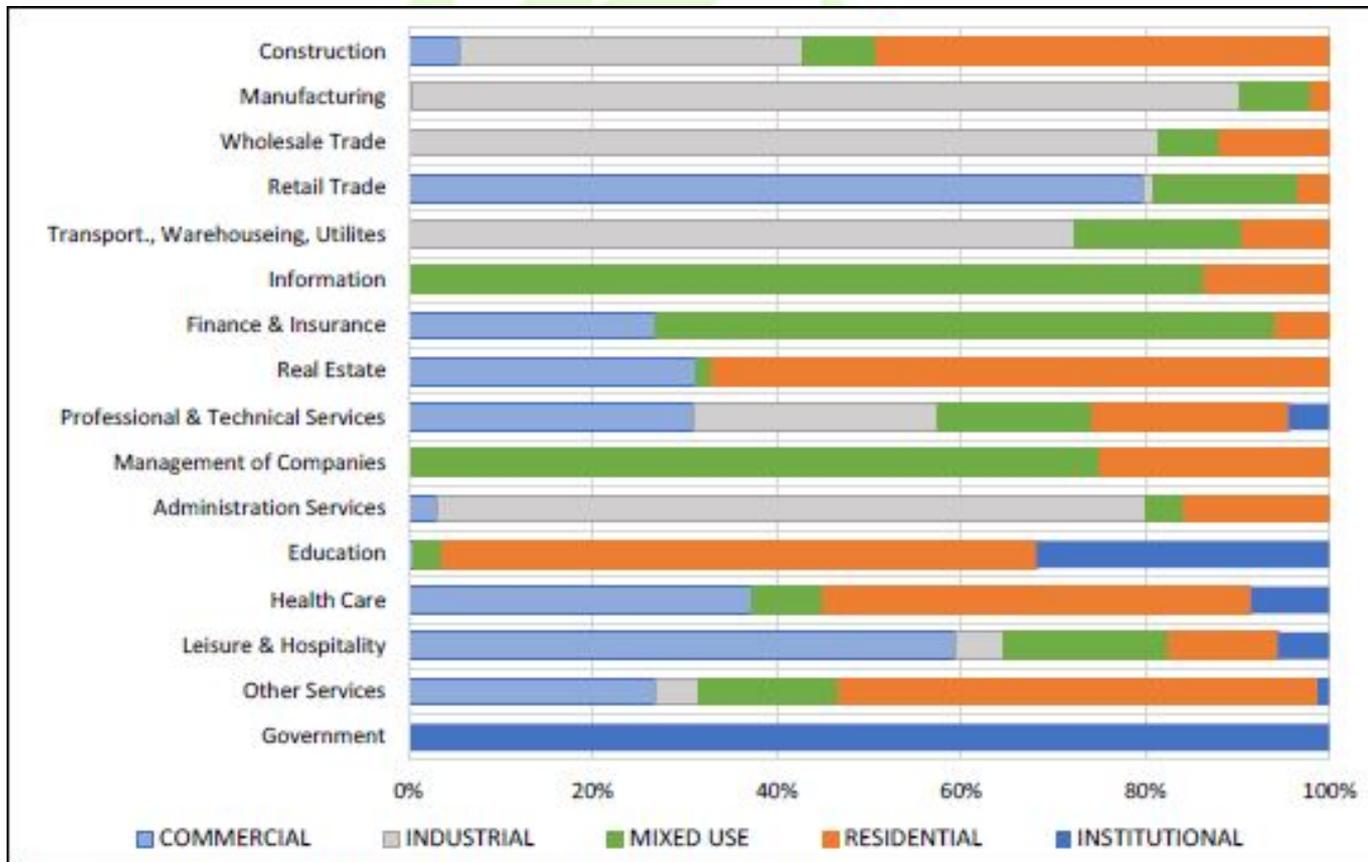
² "Other Services" includes most personal services not considered retail activity, such as beauty and hair care, repairs, dry cleaning religious services, advocacy, and others.

Employment Snapshot

- Total Employment in Forest Grove increased 1.5% over the last 9 years.
 - 2009: 9,092
 - 2018: 9,230
 - In contrast, population increased from 21,500 in 2009 to 23,555 in 2017 or 8.7%.
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Employment Snapshot

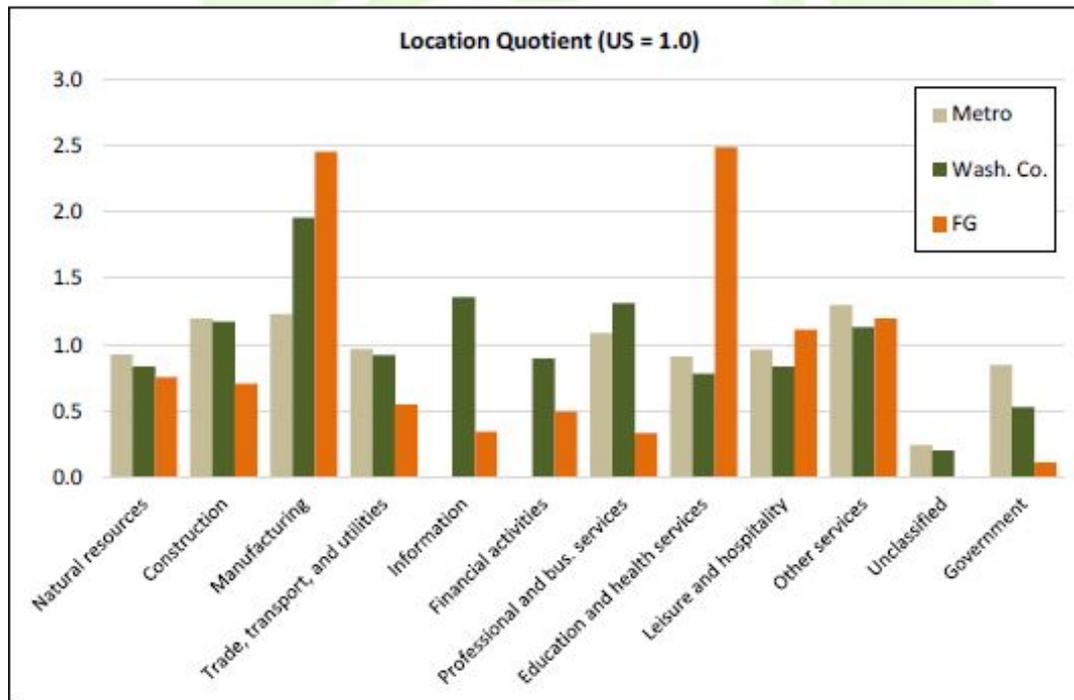
- The chart below shows an analysis of employment located in broad zoning classes. The Community Commercial zone is classified as commercial and the Town Center zones are classified as mixed use.



Source: Oregon Employment Department, Metro RLIS, Johnson Economics

Employment Snapshot

- Location quotient is a measure that shows concentration of activity. It compares activity in a small area compared to a larger area.
- The chart shows that Forest Grove has a high concentration of manufacturing, education and health services and leisure and hospitality relative to Washington County and the region.



Source: Bureau of Labor Statistics, Oregon Employment Department, Johnson Economics

Employment Snapshot

- The chart below shows the average annual wage for industry sectors. Education, health care, leisure and hospitality are areas where Forest Grove is strong but wages are low.



Employment Projections

Safe Harbor
Forecast –
Oregon
Employment
Department

Industry	2018	20-Year Forecast				2018 - 2038	
		2023	2028	2033	2038	#	AAGR
Construction	289	321	356	396	440	151	2.1%
Manufacturing	1,453	1,507	1,563	1,621	1,681	228	0.7%
Wholesale Trade	105	112	119	126	134	29	1.2%
Retail Trade	562	601	642	686	733	171	1.3%
Transport., Warehouseing, Utilites	230	242	254	267	281	51	1.0%
Information	45	47	50	53	57	12	1.2%
Finance & Insurance	176	182	188	195	202	26	0.7%
Real Estate	193	197	201	206	210	17	0.4%
Professional & Technical Services	182	206	232	262	296	114	2.4%
Management of Companies	8	9	10	11	12	5	2.5%
Administration Services	210	229	251	274	299	89	1.8%
Education	3,012	3,179	3,356	3,542	3,739	727	1.1%
Health Care	1,104	1,209	1,324	1,450	1,588	484	1.8%
Leisure & Hospitality	1,023	1,116	1,218	1,330	1,451	429	1.8%
Other Services	449	477	507	538	571	122	1.2%
Government	222	225	227	230	233	12	0.3%
TOTAL	9,262	9,858	10,499	11,187	11,928	2,665	1.3%

Source: Oregon Employment Department, Johnson Economics

Zone Forecast
- Metro

Industry	2018	20-Year Forecast				2018 - 2038	
		2023	2028	2033	2038	#	AAGR
Construction	289	327	370	419	474	185	2.5%
Manufacturing	1,453	1,517	1,584	1,654	1,727	274	0.9%
Wholesale Trade	105	113	122	131	140	35	1.5%
Retail Trade	562	608	658	711	769	207	1.6%
Transport., Warehouseing, Utilites	230	244	259	274	291	61	1.2%
Information	45	48	51	55	59	15	1.4%
Finance & Insurance	176	183	191	199	207	31	0.8%
Real Estate	193	198	203	208	214	21	0.5%
Professional & Technical Services	182	210	243	280	323	140	2.9%
Management of Companies	8	9	10	12	14	6	3.0%
Administration Services	210	233	259	287	319	109	2.1%
Education	3,012	3,211	3,422	3,648	3,888	876	1.3%
Health Care	1,104	1,229	1,368	1,523	1,696	592	2.2%
Leisure & Hospitality	1,023	1,134	1,257	1,394	1,546	523	2.1%
Other Services	449	482	518	556	596	147	1.4%
Government	222	225	229	232	236	14	0.3%
TOTAL	9,262	9,971	10,743	11,583	12,499	3,237	1.5%

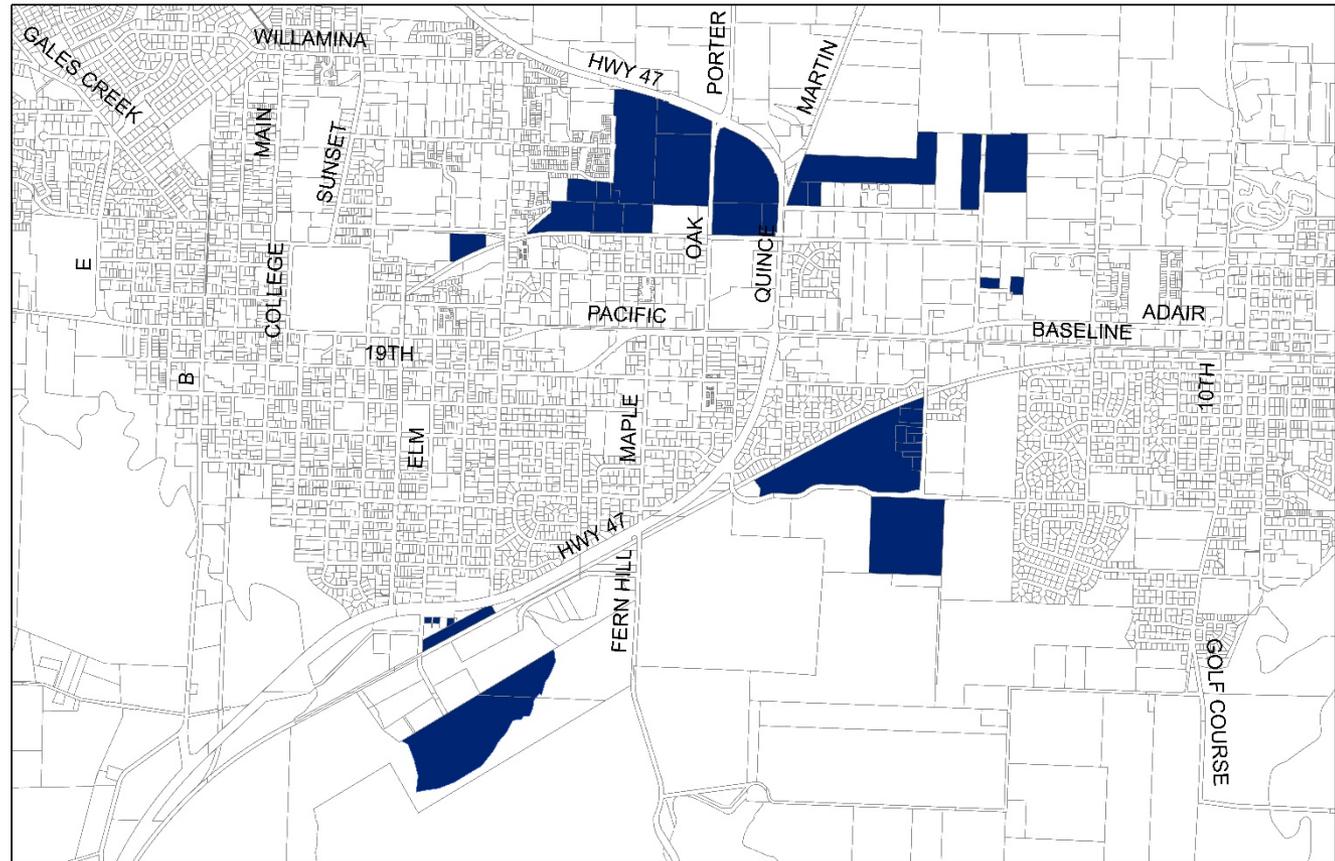
Source: Metro, Johnson Economics

Existing Buildable Land Supply

- The existing industrial land supply is about 237 gross acres including land in the City and the UGB.

Site	Gross Acres
Woodfold (Oak Street)	71.6
Hennigsen	18.3
Merix/TTM	35.1
White Oak River	12.9
Masons (Oak Street)	9.7
Evers Site (UGB)	19.2
Haworth Site (UGB)	38.6
Other Sites (Subtotal)	31.7
Total	237.1

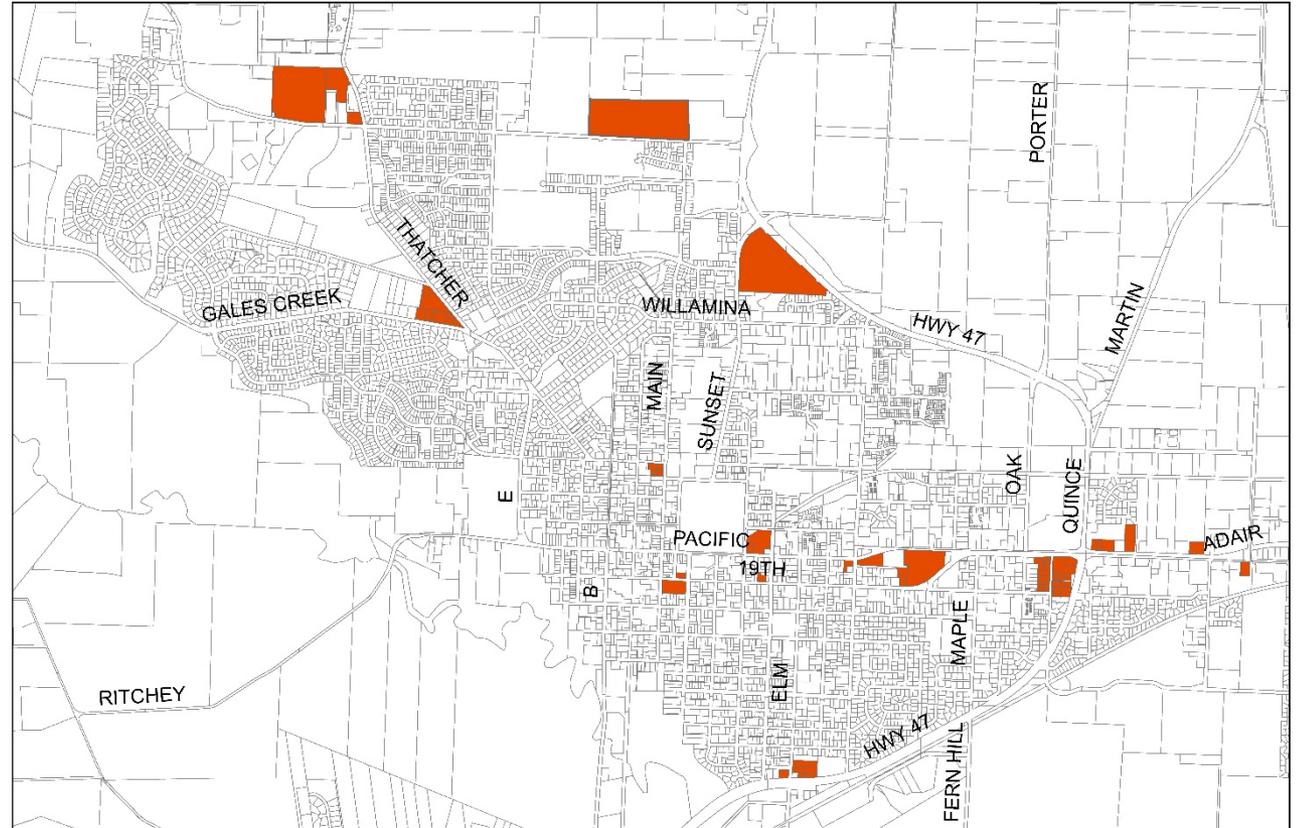
Industrial Land Supply



Existing Buildable Land Supply

- The existing Mixed Use Land Supply is 55 acres.
- This includes the “Albertson’s Site” portions of neighborhood mixed use areas and properties along the corridor that have potential to redevelop or intensify along the corridor

Mixed Use Land Supply

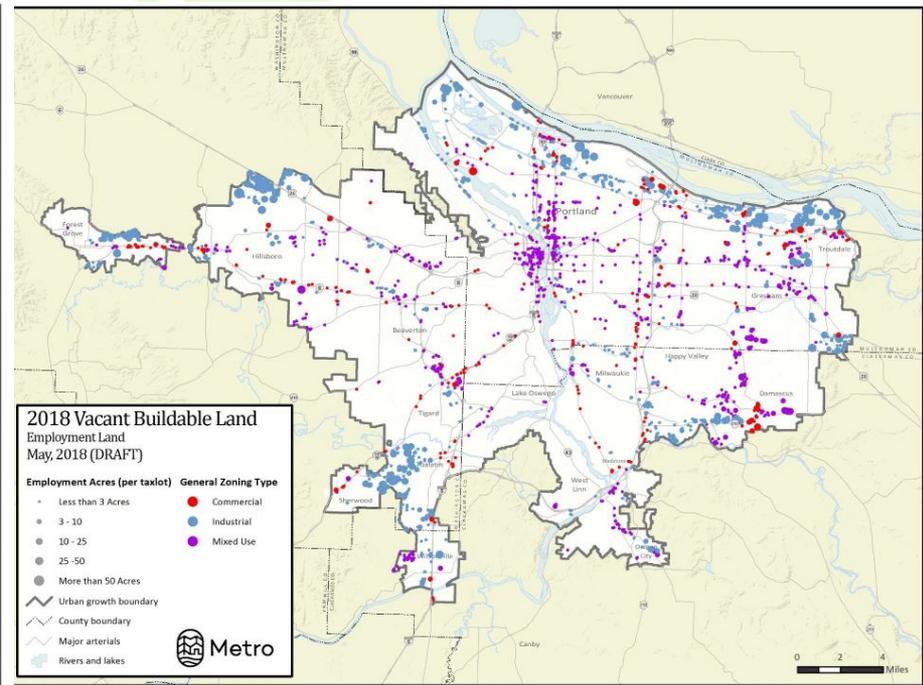
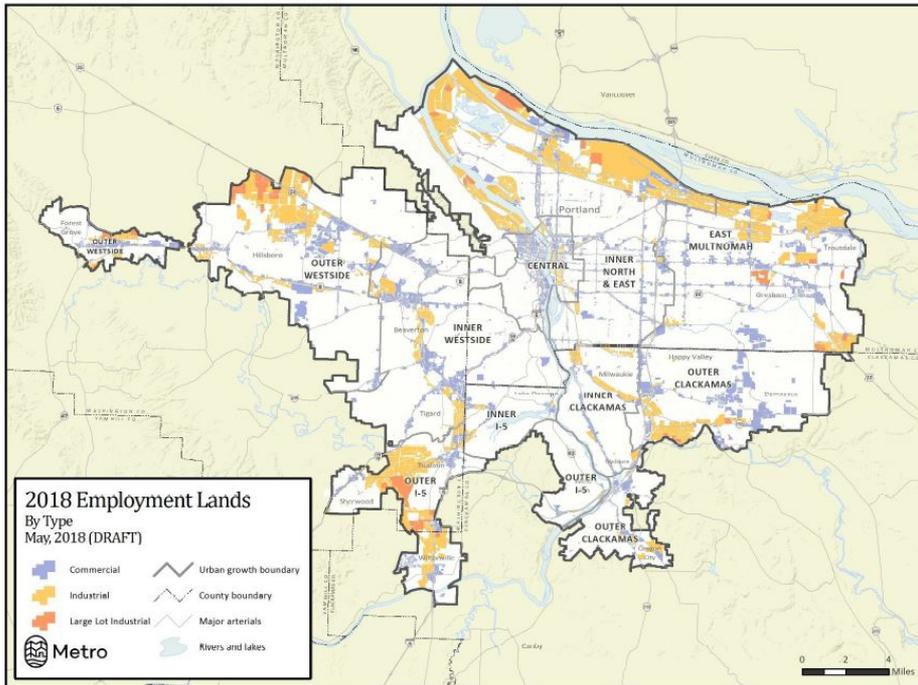


Regional Land Supply

- The maps below prepared by Metro provide a snapshot of employment land in the region.
- The Metro Urban Growth Report (Appendix 6, Table 4) indicates in the “Outer Westside Area” shown on the map has an estimated 965 vacant acres of industrial land and 400 acres of vacant commercial land.

Land Zoned for Employment

Vacant Employment Land

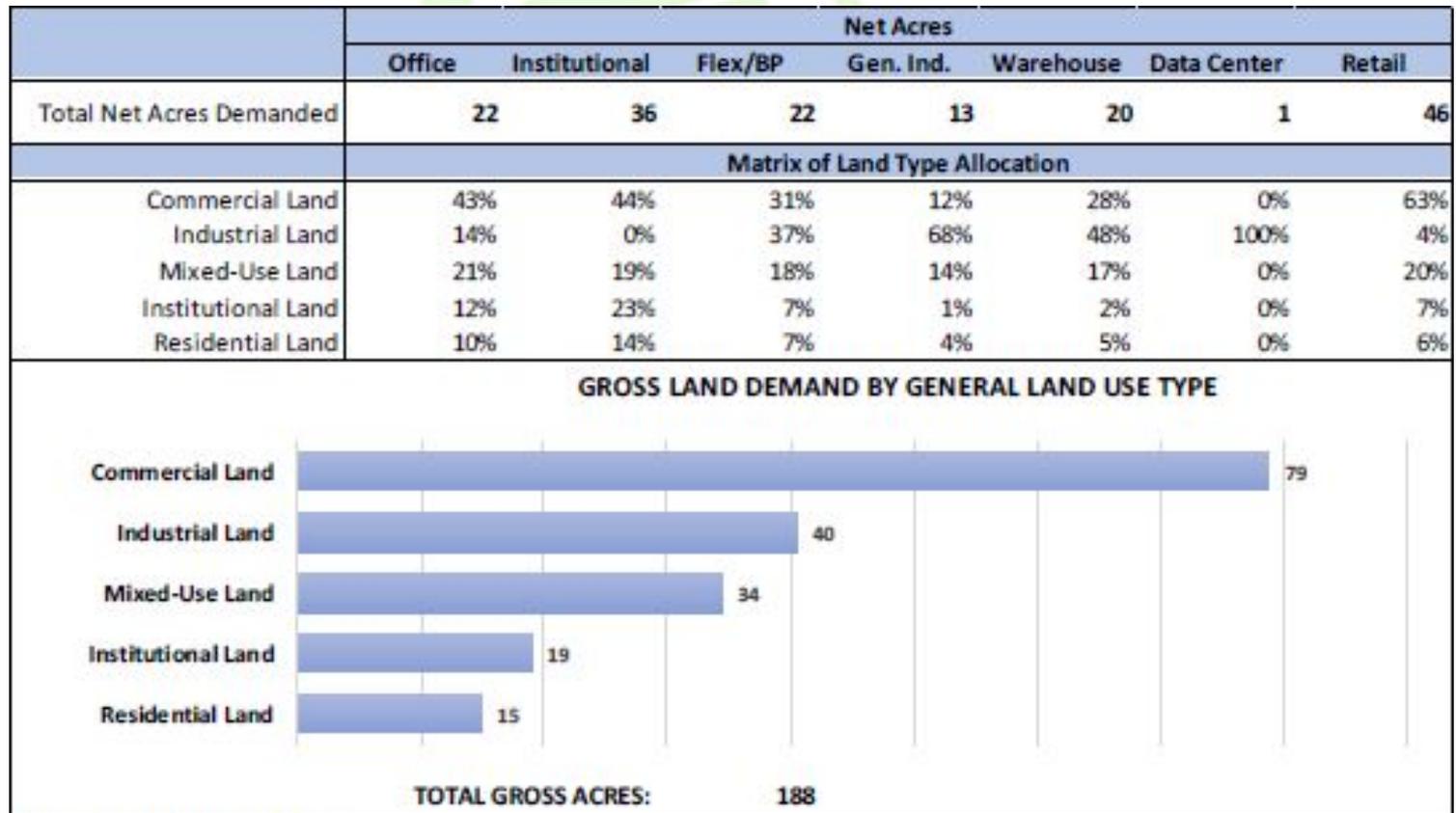


Neighboring Cities

- The 2017 Cornelius EOA shows an industrial land supply of about 77 acres. The Cornelius EOA shows a baseline need of no additional industrial land needed between 2016 and 2040. Under the Cornelius “Healthy City” scenario the Cornelius EOA indicates an industrial land need ranging between 45 and 108 acres to balance land use and promote a healthy tax base.
- The 2009 Hillsboro EOA shows an industrial land supply of 1,332 acres. The Hillsboro EOA indicates a baseline need of 353 acres of industrial land to 2035. This increases to 1,277 acres under the medium growth scenario and 2,227 acres under the high growth scenario.

City Land Need

- The chart below shows the 20 year land supply needed by land use category.



Reconciliation

- The existing Industrial Land Supply is 237.1 acres. The 20 year projected need is 40-48 acres.

- The existing Mixed Use Land Supply is 55 acres. The 20-year project need is 146-170 acres

SAFE HARBOR FORECAST

LAND USE	DEMAND		SUPPLY	Surplus or Deficit	
	Safe Harbor Forecast		Buildable	5-year 20-year	
	5-year	20-year	Acres	5-year	20-year
Industrial Land	9	40	237.1	228	196.75
Mixed-Use Land	33	146	55.0	22	(91.15)
TOTAL:	42	186	292.1	250	105.60

METRO 2040 (TAZ) FORECAST

LAND USE	DEMAND		SUPPLY	Surplus or Deficit	
	Metro 2040 Forecast		Buildable	5-year 20-year	
	5-year	20-year	Acres	5-year	20-year
Industrial Land	11	48	237.1	226	189.16
Mixed-Use Land	37	170	55.0	18	(114.55)
TOTAL:	48	217	292.1	244	74.60

Source: Metro, City of Forest Grove, Johnson Economics

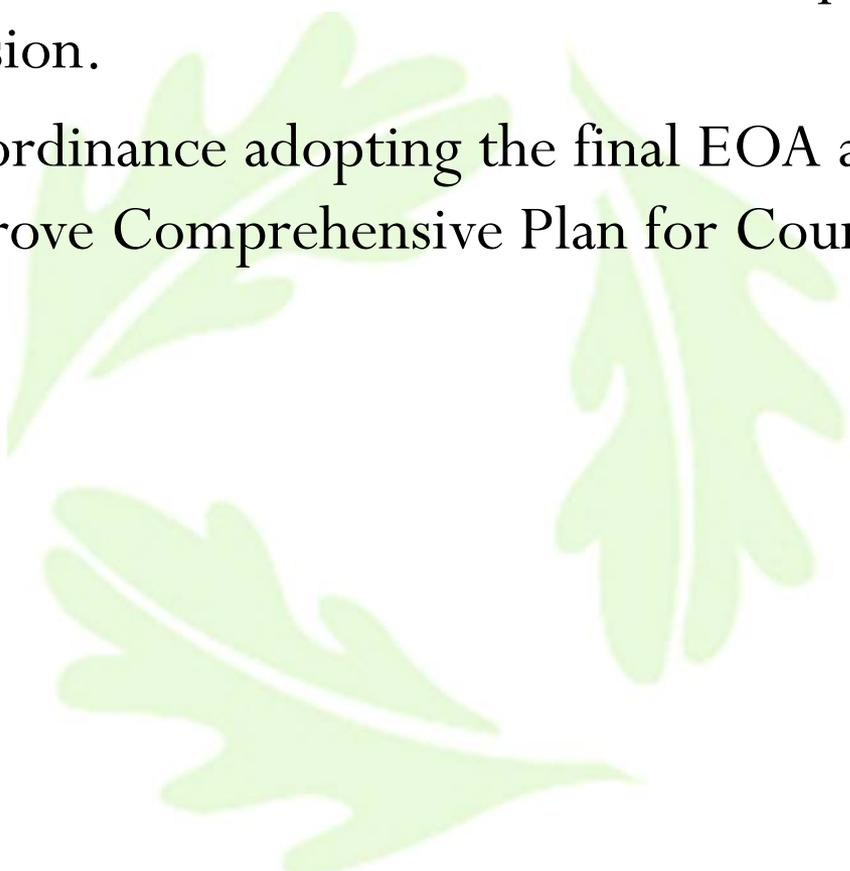
Conclusions

- Based on Forest Grove's current competitive advantages, clustering and locational attributes Johnson Economics identified several target industries:
 - Agriculture, Food and Farm Products;
 - Tourism and Winery Development;
 - Education;
 - Retirement Services; and
 - High Tech
- Oregon's largest export industries are largely favorable to Forest Grove and Washington County in general. This includes skilled manufacturing and agriculture and food processing.

Conclusions

- Current buildable land supply appears sufficient to meet short term needs for both industrial and mixed-use categories.
- Current buildable land supply appears insufficient to meet long term needs for mixed-use.
- The analysis suggests there may be a significant oversupply of designated industrial land.
- Some of this industrial land could be re-designated for other uses such as mixed-use.

Next Steps

- Present the EOA to the Economic Development Commission.
 - Prepare ordinance adopting the final EOA as part of the Forest Grove Comprehensive Plan for Council consideration this fall.
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The End